

84TH CONGRESS  
1ST SESSION

# H. R. 7241

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## IN THE HOUSE OF REPRESENTATIVES

JULY 11, 1955

Mr. REES of Kansas introduced the following bill; which was referred to the  
Committee on Post Office and Civil Service

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## A BILL

To authorize the Civil Service Commission to make available on a voluntary basis, group hospital, surgical, medical, and other personal health service benefits for civilian officers and employees in the Federal service, through the facilities of prepayment group plans, group practice prepayment plans, Federal employee organizations, and insurance companies, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the "Federal Employees'  
4       Group Health Insurance Act".

5       SEC. 2. (a) Except as provided in subsection (b) of this  
6       section, each appointive or elective officer or employee (here-  
7       inafter called employee) in or under the executive, judicial,

1 or legislative branch of the United States Government, in-  
2 cluding a Government-owned or controlled corporation (but  
3 not including any corporation under the supervision of the  
4 Farm Credit Administration of which corporation any mem-  
5 ber of the board of directors is elected or appointed by  
6 private interests), and of the municipal government of the  
7 District of Columbia shall, at such time and under such  
8 conditions of eligibility as the Civil Service Commission  
9 (hereinafter called the Commission) may by regulation  
10 prescribe, come within the purview of this Act. Such  
11 regulations may provide for the exclusion of employees on  
12 the basis of the nature and type of employment or conditions  
13 pertaining thereto such as, but not limited to, short term  
14 appointments, seasonal or intermittent employment, part-  
15 time employment, and employment of like nature, and shall  
16 be issued only after consultation with the head of the depart-  
17 ment, agency, or establishment (hereinafter called estab-  
18 lishment) : *Provided*, That no employee or group of em-  
19 ployees shall be excluded solely on the basis of the hazardous  
20 nature of employment.

21 (b) This Act shall not apply to any individual by reason  
22 of his status or service as a "member" of a "uniformed  
23 service" as such terms are defined in the Career Compensa-  
24 tion Act of 1949, as amended, nor shall it apply to any non-

1 citizen employee whose permanent duty station is not located  
2 in any State of the United States or the District of Columbia.

3 SEC. 3. (a) Each employee to whom this Act applies  
4 may enroll (subject to the enrollment requirements of the  
5 applicable plan) for himself or for himself and his depend-  
6 ents, for nonoccupational benefits in a program of group  
7 hospital, surgical, medical, or other personal health services,  
8 or any combination of such benefits, offered by a prepayment  
9 group plan or plans or by a group practice prepayment plan  
10 or plans, each of which plans provides health services or  
11 benefits through their own facilities, or through contracts  
12 or agreements with physicians or hospitals or both: *Provided*,  
13 That such program is administered by a plan, or by a lawful  
14 association of plans (including any affiliated organizations),  
15 each of which plans, association of plans, and organizations  
16 is operating under the laws of a State, Territory, posses-  
17 sion, or the District of Columbia: *Provided further*, That the  
18 head of any establishment, in behalf of employees of his  
19 establishment, is authorized without regard to section 3709  
20 of the Revised Statutes, as amended, to enter into a group  
21 contract or contracts with such plans, lawful associations  
22 of plans, or organizations.

23 (b) Each employee to whom this Act applies may  
24 enroll (subject to the enrollment requirements of the appli-

1 cable plan) for himself or for himself and his dependents,  
2 for nonoccupational benefits in a program of group hospital,  
3 surgical, medical, or other personal health services, or any  
4 combination of such benefits, duly sponsored or underwritten  
5 by a national association of Federal employees of which he is  
6 a member, if such association was actively engaged in  
7 sponsoring or underwriting group health insurance on the  
8 date of approval of this Act.

9 (c) The head of each establishment is authorized, with-  
10 out regard to section 3709 of the Revised Statutes, as  
11 amended, to purchase nonoccupational group coverage for  
12 hospital, surgical, medical, or other personal health services  
13 or any combination of such benefits, from an insurance com-  
14 pany, or from a prepayment group plan, or group practice  
15 prepayment plant, including affiliated organizations, for a  
16 group (determined in accordance with the Commission's  
17 regulations) of employees, or employees and their depend-  
18 ents, in his establishment: *Provided*, That at least 75 per  
19 centum of the eligible employees make formal request to  
20 enroll under the group contract or policy: *Provided further*,  
21 That such insurer or insurers is operating under the laws  
22 of a State, Territory, possession, or the District of Columbia:  
23 *Provided further*, That any law to the contrary notwith-  
24 standing, the head of each establishment may delegate this  
25 authority to a single officer or employee in the respective

1 establishment, but the authority so delegated shall not be  
2 redelegated.

3 (d) The Commission is authorized, without regard to  
4 section 3709 of the Revised Statutes, as amended, to pur-  
5 chase from one or more insurance companies, as determined  
6 by it, a nonoccupational group insurance policy or policies  
7 providing benefits for hospital, surgical, medical, and other  
8 personal health services specified in section 4: *Provided,*  
9 That each such insurance company must meet the following  
10 requirements: (1) Be licensed under the laws of the forty-  
11 eight States of the United States and the District of Columbia  
12 to issue group health insurance, and (2) its group health  
13 insurance benefit payments incurred in the United States  
14 during the most recent calendar year for which information  
15 is available to the Commission shall equal at least 1 per  
16 centum of all such payments incurred in the United States  
17 by all domestic insurance companies during such year.

18 (e) A written notice by an employee to whom this Act  
19 applies, to his employing establishment, on a form pre-  
20 scribed by the Commission, stating that he enrolls or has  
21 enrolled under a plan or policy of his choice under subsec-  
22 tion (a), (b), (c), or (d) of this section, shall, subject  
23 to the employee's right to withdraw such notice in accord-  
24 ance with the Commission's regulations, be deemed to au-  
25 thorize deductions from the employee's pay in accordance

1 with section 5. No employee may enroll for himself, or  
2 for himself and his dependents, under more than one of the  
3 subsections (a), (b), (c), or (d) of this section; but  
4 nothing herein shall be interpreted to prevent transfers from  
5 one plan or policy to another, subject to the conditions of  
6 the respective plans or policies and the regulations of the  
7 Commission. If an employee to whom this Act applies has  
8 a spouse who is also an employee to whom this Act applies,  
9 either spouse (but not both) may file a notice of enrollment  
10 for self and dependents under this Act; alternatively, either  
11 spouse (or both) may enroll for himself or for herself alone.

12 SEC. 4. (a) The nonoccupational group insurance policy  
13 or policies purchased by the Commission under section 3 (d)  
14 shall contain such benefits, limitations, definitions, and related  
15 provisions as may be approved by the Commission; and, sub-  
16 ject to subsection (b) of this section, the monetary benefits  
17 for each covered individual (whether employee or depend-  
18 ent) shall be in the amounts indicated in the following  
19 items:

20 (1) Hospital expense benefit: A daily board and room  
21 benefit for each day of hospital inpatient confinement, for  
22 not more than seventy days for each unrelated period of  
23 disability; the daily benefit with respect to ward or semi-  
24 private accommodations to be equal to the hospital's charge  
25 for the accommodations occupied, but not more than \$15;

1 the daily benefit with respect to private room accommoda-  
2 tions to be equal to three-quarters of the hospital's charge  
3 for the accommodations occupied, but not more than a daily  
4 benefit of \$15. Additionally, a benefit not exceeding \$300  
5 for other necessary services and supplies rendered by the  
6 hospital during inpatient confinement while a board and  
7 room benefit is payable or during an outpatient stay when  
8 the only hospital charge is in connection with emergency  
9 treatment required as a result of and rendered within twenty-  
10 four hours following an accidental bodily injury or in con-  
11 nection with a surgical operation. A maternity benefit, in  
12 lieu of all other hospital expense benefits, shall be included  
13 for hospital inpatient confinement of a female employee or  
14 the wife of a male employee, with a maximum benefit of \$125  
15 per pregnancy.

16 (2) Surgical expense benefit: A benefit, on the basis  
17 of a schedule to be determined by the Commission, of not  
18 more than \$250 for each unrelated period of disability. The  
19 obstetrical benefit for a female employee or the wife of a male  
20 employee shall provide for each covered pregnancy not to  
21 exceed \$75 for delivery of child or children or not to exceed  
22 \$125 for a Caesarean section or an abdominal operation for  
23 extra-uterine pregnancy.

24 (3) Major medical expense benefit: A benefit of 75 per  
25 centum of the amount by which covered expenses for neces-

1 sary hospital, surgical, medical, and other personal health  
2 services incurred in any calendar year exceed the sum of  
3 basic benefits and a \$100 deductible for that calendar year,  
4 until an aggregate maximum of \$10,000 has been paid, but  
5 not more than \$5,000 shall be payable with regard to cov-  
6 ered expenses incurred in any one calendar year. In addi-  
7 tion, provision shall be made for the reinstatement of the full  
8 \$10,000 maximum at any time after any of the major medical  
9 expense benefit has been paid, subject to such evidence of  
10 insurability as the insurance company or companies may  
11 require for such reinstatement.

12 (b) The Commission may, after consultation with the  
13 Advisory Board established under section 12 of this Act,  
14 change (through increase, decrease, elimination, substitution,  
15 or other revision) , for all employees or for all employees and  
16 dependents, or for retired employees or for retired employees  
17 and dependents, any one or more of the benefits indicated in  
18 subsection (a) of this section, for the purpose of establishing  
19 as sound and desirable a plan of benefits as may be deemed  
20 appropriate by the Commission, having due regard for the  
21 employees' need for personal health service protection and  
22 the available employees' contributions and Government con-  
23 tributions to meet the cost of the protection: *Provided, That*  
24 the actuarial value (determined by the Commission in ac-  
25 cordance with accepted actuarial practice) of the aggregate



1 of the benefits after any such change shall be not less than 75  
2 per centum of the actuarial value (similarly determined by  
3 the Commission) of the aggregate of the benefits indicated  
4 in items (1) through (3) of subsection (a) of this section  
5 in the case of nonretired employees and their dependents,  
6 and in items (1) and (2) thereof in the case of retired  
7 employees and their dependents: *Provided further*, That,  
8 after consultation with said Advisory Board, the Commission  
9 may increase or decrease the maximum employees' contribu-  
10 tions by not more than 25 per centum of the maximum speci-  
11 fied in this Act when it finds that such increase or decrease  
12 is fair, equitable, and feasible.

13 (c) The benefits provided under this section are for the  
14 purpose of reimbursing the employee or the employee and  
15 his dependents for expenses actually incurred. Benefits are  
16 payable only with respect to charges that would have been  
17 made even if no insurance existed and that the employee (or  
18 a dependent of the employee) is legally obliged to pay. If  
19 an employee or an employee and his dependents incur ex-  
20 penses in lesser amounts than the insurance benefits pro-  
21 vided under this section, they shall be reimbursed only for  
22 such lesser amounts. Benefit payments under this section  
23 may be made either to the attending physicians, hospitals,  
24 and others furnishing the services upon which claim is based,

1 or to the insured employee upon presentation of valid bills  
2 for such services, subject to such facility of payment provi-  
3 sions as are approved by the Commission with regard to  
4 minors and incompetents.

5 (d) As used in this section, the term "dependents"  
6 means (1) an employee's spouse, (2) an employee's unmar-  
7 ried children at least fourteen days of age, and from birth in  
8 the case of major medical expense benefits, but under nine-  
9 teen years of age, and (3) an employee's unmarried chil-  
10 dren under age twenty-three who are enrolled as full-time  
11 students at educational institutions which normally main-  
12 tain regular faculties and curricula and normally have regu-  
13 larly organized bodies of students in attendance at places  
14 where their educational activities are carried on. However,  
15 no person may be covered both as an employee and as a de-  
16 pendent, and no person may be considered as a dependent of  
17 more than one employee. The term "children" shall, in  
18 addition to the employee's own or lawfully adopted children,  
19 include such stepchildren, foster children, and other chil-  
20 dren, as depend upon the employee for support and live with  
21 the employee in a regular parent-child relationship.

22 SEC. 5. (a) For each period in which an employee  
23 or an employee and his dependents is enrolled under sec-  
24 tion 3 (a), 3 (b), 3 (c), or 3 (d), there shall be con-  
25 tributed by the Government from the respective appropria-

tion or fund which is used for payment of his salary, wage,  
or other compensation (or, in the case of an elected official,  
from such appropriation or fund as may be available for  
payment of other salaries of the same office or establish-  
ment) a sum not to exceed the lesser of the following  
amounts: (1) A sum equal to one-third of the biweekly  
premium or subscription charges for the respective policy  
or plan; (2) the sum of 75 cents biweekly, except that while  
the employee is covered for himself and at least one depend-  
ent of a class specified in section 4 (d), the sum of \$2  
biweekly. During each period in which an employee or  
an employee and his dependents is so enrolled, there shall  
be withheld from each salary payment of such employee  
or otherwise contributed by the employee in accordance with  
the Commission's regulations, as his contribution toward the  
cost of coverage, the excess of the biweekly premium or  
subscription charge over the amount contributed by the  
Government; except that during any period in which an  
employee or an employee and his dependents is enrolled  
under section 3 (d), the amount withheld from each sal-  
ary payment of such employee, as determined by the Com-  
mission, shall not exceed the rate of \$1.50 biweekly for  
himself or \$4 biweekly for himself and dependents, sub-  
ject to section 4 (b). If an employee is paid on other than  
a biweekly basis, the amounts prescribed in this section shall

1 be determined at a proportionate rate, which rate shall be  
2 adjusted to the nearest cent.

3 (b) The sums withheld from or otherwise contributed  
4 by employees enrolled under a plan or policy under sections  
5 3 (a), 3 (b), or 3 (c), and the sums contributed by the  
6 Government for such enrolled employees, shall be paid by  
7 the head of the respective establishment to the respective  
8 carriers. If coverage under any plan or policy under sec-  
9 tions 3 (a), 3 (b), or 3 (c) is continued for a retired  
10 employee or for a retired employee and his dependents, the  
11 employee may authorize the withholding from his annuity  
12 payments of the amounts of contributions required by the  
13 plan or policy to continue such coverage; but no sums shall  
14 be contributed by the Government toward premiums or sub-  
15 scription charges after retirement with regard to retired  
16 employees or retired employees and their dependents.

17 (c) The sums withheld from or otherwise contributed  
18 by employees enrolled under a policy purchased by the Com-  
19 mission under section 3 (d) and the sums contributed by the  
20 Government for such enrolled employees shall be deposited  
21 in the Treasury of the United States to the credit of a fund  
22 which is hereby created. Said fund is hereby made available  
23 without fiscal year limitation for premium payments under  
24 any group insurance policy or policies purchased by the  
25 Commission, as authorized in section 3 (d). The income

1 derived from any dividends or premium rate adjustments  
2 received from insurers under section 3 (d) shall constitute a  
3 part of the fund established under this Act.

4 (d) Appropriations available to the Commission and to  
5 each of the other establishments for salaries and expenses  
6 for the fiscal years 1955 and 1956 shall be available for  
7 necessary administrative expenses of carrying out the pur-  
8 poses of this Act. There are hereby authorized to be appro-  
9 priated, out of any moneys in the Treasury not otherwise  
10 appropriated, to the Commission and to each of the other  
11 establishments, such sums as may be required under this Act  
12 for the expenses of administration.

13 SEC. 6. (a) The group policy or policies purchased  
14 by the Commission under section 3 (d) shall provide that  
15 any coverage thereunder on any employee and his depend-  
16 ents shall cease upon discontinuance of his salary payments,  
17 subject to provisions which shall be contained in the policy  
18 for temporary extension of coverage and for conversion to  
19 such coverage as shall be provided, in terms approved by  
20 the Commission, under an individual certificate or policy  
21 for himself or for himself and his then dependents. However,  
22 if upon such date as the coverage under such group policy  
23 or policies would otherwise cease the employee (1) retires  
24 on an immediate annuity and has had at least fifteen years

1 of creditable civilian service, as determined by the Com-  
2 mission, or is retired for disability, and (2) has been con-  
3 tinuously covered under such group policy or policies with  
4 respect to himself during all of the qualifying period, cover-  
5 age for himself under such group policy or policies may,  
6 subject to the conditions of the respective group policies  
7 and the regulations of the Commission, be continued as to  
8 the benefits set forth in items (1) and (2) of section 4 (a),  
9 or as changed by the Commission in accordance with section  
10 4 (b). If an employee for whom coverage is continued  
11 after retirement as provided in the preceding sentence has  
12 also continuously covered his dependents under such group  
13 policy or policies at all times while he had dependents  
14 during the qualifying period, the continuation of coverage  
15 provided for in the preceding sentence shall apply to the  
16 employee and to those who are covered as his dependents  
17 at his retirement, instead of to himself alone. The "qualify-  
18 ing period" referred to in this section shall be the shorter  
19 of (1) the period dating from a date five years prior to  
20 such retirement and (2) the period dating from the last  
21 day of the first period of grace allowed to the employee by  
22 the Commission's regulations for the employee to enroll  
23 under section 3 (d) without evidence of insurability. An  
24 enrolled retired employee shall be required to contribute the  
25 monthly equivalent of the biweekly amounts required of

1 employees under section 5 (a), which rate shall be adjusted  
2 to the nearest cent, and such contributions shall be withheld  
3 from his annuity payments. No sums shall be contributed  
4 by the Government toward premiums after retirement with  
5 regard to retired employees or retired employees and their  
6 dependents.

7 (b) Any employee enrolled under section 3 (c) who  
8 is removed or suspended without pay and later reinstated  
9 or restored to duty on the ground that such removal or sus-  
10 pension was unjustified or unwarranted, shall not be de-  
11 prived of coverage under section 3 (a), 3 (b), 3 (c), or  
12 3 (d) for the interim but shall have his coverage restored  
13 to the same extent and effect as though such removal or  
14 suspension had not taken place, and equitable adjustments  
15 shall be made in premiums, subscription charges, contribu-  
16 tions, and claims.

17 SEC. 7. (a) The insurance company or companies is-  
18 suing a group policy or policies purchased by the Commis-  
19 sion under this Act shall establish an administrative office  
20 under a name to be approved by the Commission.

21 (b) The Commission shall arrange with the insurance  
22 company or companies issuing any group policy or policies  
23 purchased by the Commission under this Act to reinsure,  
24 under conditions approved by it, portions of the total amount  
25 of insurance under the group policy or policies, determined

1 as provided in subsection (c) of this section, with such  
2 insurers as (1) may be approved by the Commission, (2)  
3 may elect to participate in such reinsurance, and (3) are  
4 legally competent to enter into a binding reinsurance con-  
5 tract. As used in this section the term "insurer" means (1)  
6 an insurance company licensed under the laws of a State of  
7 the United States or the District of Columbia to issue group  
8 health insurance, or (2) a prepayment group plan, or a  
9 group practice prepayment plan, which provides health  
10 services or benefits through contracts or agreements with  
11 physicians or hospitals or both and is operating under the  
12 laws of a State of the United States or the District of Co-  
13 lumbia.

14 (c) References in this Act to "group health insurance  
15 benefit payments" shall mean the group hospital, surgical,  
16 medical, and other personal health services benefit payments  
17 in the United States incurred in cash or in services, but,  
18 for the purposes of this section, shall not include benefit  
19 payments incurred under any plan or policy under section  
20 3 of this Act.

21 The Commission shall determine a formula so that the  
22 amount of insurance in force (under any policy or policies  
23 purchased by the Commission under this Act) to be retained  
24 by each issuing company after ceding reinsurance and the  
25 total amount of reinsurance to be ceded to each reinsuring



1 insurer shall be in proportion to the group health insurance  
2 benefit payments of each such insurer during the preceding  
3 calendar year: *Provided*, That in determining such propor-  
4 tions, each insurer's group health insurance benefit payments  
5 shall be split into two classes for the purposes of this section,  
6 one class of such benefit payments shall consist of hospital bene-  
7 fit claims incurred and the other shall consist of all other benefit  
8 claims incurred, and, with respect to each such class sepa-  
9 rately, that proportion of each insurer's group health insur-  
10 ance benefit payments incurred which is in excess of \$500,-  
11 000 shall be reduced by 25 per centum of the first \$500,000  
12 of such excess, 50 per centum of the second \$500,000 of  
13 such excess, 75 per centum of the third \$500,000 of such  
14 excess, and 95 per centum of any excess thereafter: *Pro-*  
15 *vided further*, That in no case shall an amount of insurance  
16 be retained by an issuing company or an amount of reinsur-  
17 ance be ceded to a reinsuring insurer so that the annual  
18 premium (at the rates contained in the policy or policies)  
19 for such amount of insurance or reinsurance exceeds five times  
20 the amount of the insurer's capital and surplus.

21 (d) The insurers eligible to participate as reinsurers  
22 and the amount of insurance under the policy or policies  
23 to be allocated to each issuing company or reinsurer may  
24 be redetermined by the Commission for and in advance of  
25 any policy year after the first, on a basis consistent with

1 subsections (b) and (c) of this section, with any modifica-  
2 tions thereof it deems appropriate to carry out the intent  
3 of such subsections, and based on each participating in-  
4 surer's group health insurance benefit payments for the most  
5 recent calendar year for which information is available to  
6 it, and shall be so redetermined in a similar manner not  
7 less often than every three years or at any time that any  
8 participating insurer withdraws from participation.

9 SEC. 8. (a) Each policy purchased by the Commis-  
10 sion under this Act shall include, for the first policy year,  
11 basic premium rates which the Commission shall have deter-  
12 mined on a basis consistent with the lowest rates generally  
13 charged for new group health insurance policies with similar  
14 benefits and provisions issued to large employers. Each  
15 policy so purchased shall also include provisions whereby  
16 the basic rates of premium determined for the first policy  
17 year shall be continued for subsequent policy years, except  
18 that they may be readjusted for any subsequent year based  
19 on the experience under the policy. Such readjustment may  
20 be made by the insurance company or companies issuing  
21 the policy on a basis determined by the Commission in  
22 advance of such year to be consistent with the general prac-  
23 tice of insurance companies under policies of group health  
24 insurance issued to large employers.

1 (b) Each policy purchased by the Commission under  
2 this Act shall contain a provision stipulating the maximum  
3 expense and risk charges for the first policy year, which  
4 charges shall have been determined by the Commission on  
5 a basis consistent with the general level of such charges  
6 made by insurance companies under policies of group health  
7 insurance issued to large employers. Such maximum charges  
8 shall be continued from year to year, except that the Com-  
9 mission may redetermine such maximum charges for any  
10 year either by agreement with the insurance company or  
11 companies issuing the policy or upon written notice given by  
12 it to such companies at least one year in advance of the  
13 beginning of the year for which such redetermined maximum  
14 charges will be effective.

15 (c) Each such policy shall provide for an accounting  
16 to the Commission not later than ninety days after the  
17 end of each policy year, which shall set forth, in a form  
18 approved by the Commission, (1) the amounts of premiums  
19 actually accrued under the policy from its date of issue to  
20 the end of such policy year, (2) the total of all claim  
21 charges incurred for that period, and (3) the amounts of  
22 the insurers' expense and risk charges for that period. Any  
23 excess of the total of item (1) over the sum of items (2)  
24 and (3) shall be held by the insurance company or com-

1 panies issuing the policy as a special contingency reserve  
2 to be used by such insurance company or companies for  
3 charges under such policy only, such reserve to bear interest  
4 at a rate to be determined in advance of each policy year  
5 by the insurance company or companies issuing the policy,  
6 which rate shall be approved by the Commission as being  
7 consistent with the rates generally used by such company  
8 or companies for similar funds held under other group health  
9 insurance policies: *Provided*, That if and when the Com-  
10 mission determines that such special contingency reserve  
11 has attained an amount estimated by it to make satisfactory  
12 provision for retired employees and their dependents and  
13 adverse fluctuations in future charges under the policy, any  
14 further such excess shall be deposited in the Treasury of the  
15 United States to the credit of the fund. If and when such  
16 policy is discontinued, and if after all charges have been  
17 made, there is any positive balance remaining in such  
18 special contingency reserve, such balance shall be deposited  
19 in the Treasury of the United States, to the credit of the  
20 fund, subject to the right of the insurance company or com-  
21 panies issuing the policy to make such deposit in equal  
22 monthly installments over a period of not more than two  
23 years.

24 SEC. 9. Each employee enrolled in accordance with sec-  
25 tion 3 (e) shall receive either a contract or a certificate, as

1 specified in the plan or policy, setting forth the benefits  
2 to which the employee or the employee and his dependents  
3 is entitled thereunder, to whom such benefits shall be payable,  
4 the procedure for submitting claims, and containing or sum-  
5 marizing the principal provisions of the policy or plan affect-  
6 ing the employee or the employee and his dependents.

7       SEC. 10. No sums shall be contributed by the Govern-  
8 ment and no withholdings shall be made under this Act  
9 from an employee's pay or annuity payments unless the  
10 respective program, plan, association of plans, association, or  
11 insurance company, and its personal health service benefits,  
12 are approved by the Commission. The Commission may  
13 at any time discontinue any policy or policies it has pur-  
14 chased from any insurance company. The Commission may  
15 at any time withdraw any approval it has granted and may  
16 provide that any such withdrawal of approval shall apply  
17 either with regard to all employees and dependents or only  
18 with regard to employees and dependents not already en-  
19 rolled. Any approval granted by the Commission under  
20 this section and any withdrawal of approval undertaken  
21 by the Commission under this section shall be on the basis  
22 of regulations promulgated by the Commission. Such regu-  
23 lations shall provide for standards to be met for approval  
24 and for continued approval such as, but not limited to, con-  
25 tent of advertising and explanatory material pertaining to

1 any benefits under this Act; methods and procedures as  
2 to coverage under this Act (1) for keeping records of per-  
3 sons covered, (2) for account keeping and rendering, (3)  
4 for billing premiums or subscription charges.

5 SEC. 11. The Commission is hereby authorized to  
6 promulgate such regulations as may be necessary and proper  
7 to give effect to the intent, purposes, and provisions of this  
8 Act. Such regulations shall provide rules under which em-  
9 ployees may transfer coverage, for themselves or for them-  
10 selves and their dependents, from one to another of sections  
11 3 (a), 3 (b), 3 (c), and 3 (d), but such rules shall be  
12 designed, insofar as is considered practical on an actuarial  
13 basis, such that the plan or policy to which transfer is re-  
14 quested will not suffer adverse risk selection. The Com-  
15 mission shall by regulations provide equal opportunity for  
16 presentation of written or printed material to each employee  
17 to whom this Act applies describing in detail the benefits  
18 then available under sections 3 (a), 3 (b), 3 (c), and 3 (d)  
19 from which a choice may be made by the employee for him-  
20 self or for himself and his dependents, so that the employee  
21 will have a fair opportunity to select coverage under the  
22 section that he determines to be best suited to his needs.

23 SEC. 12. There is hereby established an Advisory Board  
24 on Federal Employees' Group Health Insurance. This  
25 Board shall consist of not less than five nor more than eleven

1 individuals, each of whom shall be either a Federal employee  
2 or an elected representative of a national association of  
3 Federal employees. Each member of the Board shall be  
4 appointed by the Chairman of the Commission and shall  
5 serve without compensation. The Board shall meet at least  
6 once a year (at the call of the Chairman of the Commission),  
7 and shall review the operations of this Act and advise the  
8 Commission on matters of policy relating to its activities  
9 thereunder.

10 SEC. 13. The Commission shall report annually to Con-  
11 gress upon the operation of this Act.

12 SEC. 14. The district courts of the United States shall  
13 have original jurisdiction, concurrent with the Court of  
14 Claims, of any civil action or claim against the United States  
15 founded upon this Act.

16 SEC. 15. The coverage provided by this Act and the  
17 withholdings and contributions for that purpose shall become  
18 effective when directed by the Commission.

84TH CONGRESS  
1ST SESSION

**H. R. 7241**

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## **A BILL**

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To authorize the Civil Service Commission to make available on a voluntary basis, group hospital, surgical, medical, and other personal health service benefits for civilian officers and employees in the Federal service, through the facilities of prepayment group plans, group practice prepayment plans, Federal employee organizations, and insurance companies, and for other purposes.

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By Mr. REES of Kansas

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JULY 11, 1935  
Referred to the Committee on Post Office and Civil Service